



June 11, 2014

Item No. 13

**AUTHORIZATION TO ENTER INTO A COOPERATIVE PURCHASING AGREEMENT  
WITH THE STATE OF ILLINOIS TO UTILIZE AND ENROLL UNDER ITS  
MICROSOFT SELECT AGREEMENT FOR THE SUPPLY AND  
DELIVERY OF MICROSOFT SOFTWARE, AND TO UTILIZE AND ENROLL UNDER  
ITS MICROSOFT ENTERPRISE AGREEMENT FOR MAINTENANCE,  
UPGRADE AND SUPPORT SERVICES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a cooperative purchasing agreement with the State of Illinois, acting by and through the Illinois Central Management Services department, (hereinafter referred to as the "State") to utilize and enroll under the Microsoft Enterprise Agreement between the State and Microsoft (the "Microsoft Enterprise Agreement") for the provision of software maintenance, support and upgrade services for Microsoft software in an amount not to exceed \$2,017,440 for the requested three (3) year term of cooperative purchasing arrangement, and further to utilize and enroll under the Microsoft Select Agreement between the State and Microsoft (the "Microsoft Select Agreement") for the supply and delivery of Microsoft software for the not-to-exceed compensation amount of \$40,000 for the requested three (3) year term of cooperative purchasing arrangement.

The Chief Financial and Administrative Officer, the Office of the General Counsel and the Office of Procurement have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE GOAL**

Streamline operations to make CHA more customer-focused and efficient.

**FUNDING**

General Fund, Fiscal Year 2014/2015

**CONTRACT SUMMARY**

<b>Specification No.:</b>	(Microsoft Select Agreement) (Microsoft Enterprise Agreement)
<b>Vendor:</b>	Microsoft
<b>Contract Type:</b>	Cooperative Purchasing Agreement
<b>Contract Term:</b>	3 years (36 months)
<b>Base Contract Amount:</b>	\$ 2,057,440 (NTE)

## **GENERAL BACKGROUND /EXPLANATION**

The Chicago Housing Authority ("CHA") extensively utilizes Microsoft software in its daily operations. The CHA's computers interchange information via software operating systems, electronic mail and word processing programs. Microsoft productivity applications (Word, Excel, PowerPoint, Outlook), MS Exchange and Windows Professional are some of the standard licensed software programs used by the CHA staff to perform their duties in an efficient manner. Through the requested cooperative agreement, the CHA gains rights and benefits available under the Microsoft Enterprise and Select Agreements, such as cost consideration for application licenses not included in the standard portfolio and annualized software assurance, which is a form of maintenance and support for licensed software. Based upon the CHA's current schedule of licensed Microsoft software products and historical usage trends, the CHA anticipates annual expenditures of \$672,480 for maintenance and support services under the Microsoft Enterprise Agreement, resulting in a total of \$2,017,440 in not-to-exceed funding requirements for the requested three (3) year term of the Enterprise Agreement.

As CHA replaces or adds new computer systems, additional Microsoft software and licenses may be periodically required. The CHA must also purchase additional software licenses periodically over the next several years to maintain its data network infrastructure, and comply with software copyright laws. Therefore, the CHA requests approval of funding for acquisition of new software and licenses under the Microsoft Select Agreement in an amount not-to-exceed \$40,000 for the requested three (3) year term of the Select Agreement.

The CHA will be able to purchase software through the State Agreement between CDW and State of Illinois under the Enterprise Agreement. The contract terms between CDW and State of Illinois is from October 1, 2011 and expires September 30, 2015. However, the contract that the CHA will enter into will be with Microsoft and will be for a standard 3 year term which will extend past the September 30, 2015 expiration date of CDW's contract with State of Illinois. If option years are exercised between CDW and Microsoft, then CDW will remain Large Account Reseller ("LAR") for the CHA's contract with Microsoft. If another State Approved LAR is awarded the State Contract as an Outsourcer, then the CHA's contract with Microsoft will then be transferred to that LAR.

Microsoft does not sell its products directly to state and local Governments ("SLG"). When a SLG entity enters into a Microsoft Volume Licensing Agreement, such as the State's Master Select Agreement, that SLG entity must choose a Large Account Reseller ("LAR") to fulfill the procurement of Microsoft software and licenses. There are approximately 15 LARs throughout North America that are authorized to distribute Microsoft software products. For purposes of the Microsoft Select Agreement, a LAR is defined by Microsoft as a reseller or distributor who Microsoft authorizes to offer licenses to end-users under Select Agreements and Enterprise Agreements. The State selected CDW Government, Inc. ("CDW") as its Microsoft Certified LAR. Due to the structure of the Select Plus agreement and the system that supports it, the agreement does not display the expiration date but will expire after 72 months unless it is renewed in writing. The Agreement between CHA and Microsoft will be for a period of three (3) years. The agreement has 3 year cycles but will extend past the 3 year mark for the start date. Licenses will be retained past the 3 year cycle, if Software Assurance is purchased on the Select Plus agreement it will have a 3 year term based on the anniversary date of the agreement.

The State's Microsoft Agreements are renewable, multi-year contracts. The discount level for Microsoft software under the State's Microsoft Select Agreement is Level D and is the highest discount level that is offered by Microsoft (through its resellers) to SLGs and is approximately 25% below standard retail pricing. Although the CHA could enter into its own Microsoft Select Agreement, due to the much smaller volume of software products and licenses required, the CHA could not achieve the same advantageous discount level that has been obtained by the State through its volume license procurement.

Based upon the foregoing, it is in the best interest of the CHA to enter into a cooperative purchasing agreement with the State of Illinois so that the CHA can enroll as an affiliate under the State's Microsoft Select and Microsoft Enterprise Agreements for respective terms of up to 36 months for an amount not-to-exceed \$2,057,440.

The CEO/President recommends the approval to enter into a cooperative purchasing agreement with the State of Illinois so that the CHA can enroll as an affiliate under the State's Microsoft Select and Microsoft Enterprise Agreements for respective terms of up to 36 months for an amount not-to-exceed \$2,057,440.

**RESOLUTION NO. 2014-CHA-66**

**WHEREAS**, the Board of Commissioners has reviewed the Board Letter JUNE 11, 2014 entitled "AUTHORIZATION TO ENTER INTO A COOPERATIVE PURCHASING AGREEMENT WITH THE STATE OF ILLINOIS TO UTILIZE AND ENROLL UNDER ITS MICROSOFT SELECT AGREEMENT FOR THE SUPPLY AND DELIVERY OF MICROSOFT SOFTWARE, AND TO UTILIZE AND ENROLL UNDER ITS MICROSOFT ENTERPRISE AGREEMENT FOR MAINTENANCE, UPGRADE AND SUPPORT SERVICES".

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a cooperative purchasing agreement with the State of Illinois so that the CHA can enroll as an affiliate under the State's Microsoft Select and Microsoft Enterprise Agreements for respective terms of up to 36 months for an amount not-to-exceed \$2,057,440.



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